

Message

**From:** David Sackler [REDACTED]  
**Sent:** 9/9/2014 12:03:52 AM  
**To:** Sackler, Jonathan [REDACTED]  
**CC:** Sackler, Mortimer JR [REDACTED] Sackler, Dr Richard - Pharma [REDACTED]  
**Subject:** Re: Call

I totally agree with you. My point wasn't that we should take more cash out right now. I'm saying that path and winding down in the us may be better than selling.

We all believe the other side is out of touch with the situation in the world and the companies. The A side thinks we are missing the boat on massive valuations, which will get us to 20B+. They think we misunderstand how impossible it will be to rebuild the us and probably a lot of other things.

I don't agree with the A side's view of the world. I think value would come in around 8-9B, Mortimer and Kathe would refuse it and we would have a failed sale. I want to avoid that if possible.

Ramping down the US is a possibility. One of many. I want to explore that before selling Europe and Asia just to get a multiple above the Dcf we would likely get for the us.

Sent from my iPhone

On Sep 8, 2014, at 7:57 PM, "Sackler, Jonathan" <[REDACTED]> wrote:

I'm happy to discuss this with you. As you know from my past behavior, when the business has more cash flow than is required, I've supported distributions, and we've taken a fantastic amount of money out of the business. At this moment, the situation is quite different, and I believe that taking funds out at this time would damage the long-term prospects of the business. I have no objection to discussing anything else, but pulling more cash out now - after we've already pulled out \$105 million after taxes earlier this year! - would reduce the companies' flexibility and send a very negative message to our executives.

I have a full day tomorrow, but we should plan to spend some time together before we go to London. Maybe we can rope Richard in too.

Finally, I apologize for getting a little heated today. I feel a sense of obligation to keep the companies strong, not just for us and our children, but also for the people who've thrown in their lot with us. I'm sure you feel that too.

All the best,

Jon Sackler  
[REDACTED]

On Sep 8, 2014, at 7:29 PM, "Sackler, Mortimer D.A." <[REDACTED]> wrote:

Jon,

I am very disappointed and disheartened by today's meeting, especially the end of it and your very strong reaction to my raising the question of distributions. We should speak and discuss this some more as I would hate to see this escalate. Let me know if you are free to speak on the phone tomorrow.

I am very concerned that the two families' interests with regards to the Business have diverged so much, that if we don't resolve it, we will end up destroying what has been built over the last 60 years. That is why my very strong point of view is that we explore ALL possibilities including mergers, acquisitions, licensing, internal R&D, sale of parts or the whole of the business, or some combinations of the above. When we have explored ALL the options and see the "menu of choices" we have, we can then decide together as a family if we prefer staying in the business and acquiring or licensing the options we find or if we prefer to merge the business in order for it to grow or to sell it.

Until we have real information we cannot make an informed decision about which path to go down. What we cannot do is stay on the path we are on. This path has resulted in a huge depreciation in our bottom line and more importantly shareholder value over the past 5+ years. We must be thoughtful and possibly bold in what we do next. But we must must must work together. We may be coming in with different ideas of where we will end up but until we explore the options in an intelligent and organized way we will never know whether we can agree on the outcome.

I fear that otherwise Ralph's warnings will come true and we will simply continue down the current death spiral until it is too late (ie until the value of the business is a fraction of what we could get for it today). The goal of businesses and the Board of Directors that oversee them (and have a fiduciary duty to ALL the shareholders) is to BUILD shareholder value not destroy it.

Regards,

Mortimer

On Sep 7, 2014, at 6:00 PM, "Sackler, Jonathan" <[REDACTED]> wrote:

Sorry, kids here all weekend and just got in. Are you going to be in Stamford tomorrow? Talk then?

Jon Sackler  
[REDACTED]

On Sep 7, 2014, at 13:04, "Sackler, Mortimer D.A." <[REDACTED]> wrote:

Still haven't heard from Jon when he can make it.

Regards,

Mortimer

On Sep 6, 2014, at 10:02 PM, "Sackler, Dr Richard"

<[REDACTED]> wrote:

I can talk tomorrow. I'll try and accommodate Jon and you, but let me know in advance if this is happening.

From: <Sackler>, "Mortimer D.A. Sackler" <[REDACTED]> <m[REDACTED]>>  
Date: Saturday, September 6, 2014 at 19:08  
To: "Sackler, Jonathan" <[REDACTED]> <[REDACTED]>, "Sackler, Dr Richard - Admin" <[REDACTED]> <r[REDACTED]>  
Subject: Re: Call

Jon are you available as well? I would like to speak to both of you together if possible. About to put the kids to bed though so maybe tomorrow morning?

Regards,

Mortimer

On Sep 6, 2014, at 8:01 PM, "Sackler, Dr Richard" <[REDACTED]> wrote:

I can chat now if you want to call me.

From: <Sackler>, "Sackler, Dr Richard - Admin" <[REDACTED]> <n[REDACTED]>>  
Date: Saturday, September 6, 2014 at 19:46  
To: "Mortimer D.A. Sackler" <[REDACTED]> <m[REDACTED]>, "Sackler, Jonathan" <[REDACTED]> <[REDACTED]>  
Subject: Re: Call

I am if it is soon.

From: <Sackler>, "Mortimer D.A. Sackler" <[REDACTED]> <r[REDACTED]>>  
Date: Saturday, September 6, 2014 at 15:54  
To: "Sackler, Jonathan" <[REDACTED]> <mailto:[REDACTED]>, "Sackler, Dr Richard - Admin" <[REDACTED]> <mailto:[REDACTED]>>  
Subject: Call

Are you both available today for a call together?

Regards,

Mortimer